

**SPECIAL PURPOSE EXAMINATION OF THE RECORDS OF
THE TORREY JOHNSON SENIOR CITIZENS CENTER
FOR THE PERIOD JULY 1, 1998, THROUGH JUNE 30, 2001**

Misappropriation of funds

Our examination revealed that, during the period July 1, 1998, through June 30, 2001, the former director of Torrey Johnson Senior Citizens Center (center) apparently used several schemes to extract cash from several center bank accounts. The cash was apparently not used for the benefit of the center. In addition, the former director charged several personal obligations on center accounts. The loss to the center totaled at least \$34,349.91.

- ✍ The former director apparently obtained cash totaling \$17,752 from the center without authority when making bank deposits. Our examination revealed that on 21 occasions, the amount of center bank deposits was less than the sum of all of the checks deposited. The difference, according to bank records was the result of “cash out” credits. Bank officials indicated that cash out credits occur when the bank customer chooses to receive back as cash a portion of the total of checks to be deposited. In the instances at the center, there was no evidence that the extracted cash was used for center purposes.
- ✍ The former director apparently issued 17 checks totaling \$9,483.12 made payable to cash, and cashed them at the bank. Auditors could not determine any benefit to the center.
- ✍ The former director apparently deposited into her personal bank account checks totaling \$3,953 payable to the senior citizens center.
- ✍ Finally, the former director charged what appear to be personal purchases totaling \$1,829.58 to center accounts. In addition, the former director apparently issued two checks, payable to herself totaling \$1,332.21, to which she was not entitled.

Scheme	Amount
Cash out deposits	\$17,752.00
Checks written to cash	9,483.12
Checks payable to center deposited into former director’s personal bank account	3,953.00
Personal purchases	1,829.58
Fraudulent checks written to former director	<u>1,332.21</u>
Total misappropriation	<u>\$34,349.91</u>

Checks Apparently Forged

- ✍ Although the former director prepared the center checks, two authorized signatures were required for the checks to be valid. Typically, the checks issued by the former director included the city recorder's name as second signature. However, the recorder identified 10 checks that contained her name as a co-signature but which she did not make or authorized to be made.

This matter has been referred to the local district attorney general.

GLOSSARY OF STATE STATUTES

Section 39-14-103, *Tennessee Code Annotated*

Theft of property.

A person commits theft of property if, with intent to deprive the owner of property, the person knowingly obtains or exercises control over the property without the owner's effective consent.

Section 39-14-105, *Tennessee Code Annotated*

Grading of theft.

Theft of property or services is . . .

(4) A Class C felony if the value of the property or services obtained is ten thousand dollars (\$10,000) or more but less than sixty thousand dollars (\$60,000) . . .

Section 39-14-114, *Tennessee Code Annotated*

Forgery.

(a) A person commits an offense who forges a writing with intent to defraud or harm another.

(b) As used in this part, unless the context otherwise requires:

(1) "Forge" means to:

(A) Alter, make, complete, execute or authenticate any writing so that it purports to:

(i) Be the act of another who did not authorize that act . . .

Section 39-16-402, *Tennessee Code Annotated*

Official misconduct.

(a) A public servant commits an offense who, with intent to obtain a benefit or to harm another, intentionally or knowingly . . .

(5) Receives any benefit not otherwise authorized by law.